

Recruitment and Retention Strategies of Philippine Social Enterprises: An Exploratory Study

Joviel R. Teves

Visayas State University

joviel.teves@vsu.edu.ph

Abstract

This study aimed to fill the gap in social enterprise and human resource literature by exploring the recruitment and retention strategies of Philippine social enterprises. Specifically, the study aimed to identify the strategies utilized by Philippine social enterprises to recruit and retain workers, determine the challenges faced by Philippine social enterprises in recruiting and retaining workers, and examine if the recruitment and retention strategies of Philippine social enterprises change over their business life cycle. Cross-case analysis approach was used. Data were collected from three social enterprises.

Case study evidence drew on semi-structured interview and review of archival documents and Web resources. Study findings suggest that social enterprises in the Philippines use sub-stream or alternative recruitment channels because these were less costly to use and facilitated faster recruitment. As social enterprises move to the next stage of business growth and improve their financial capability, they utilized mainstream channels, while still recruiting using sub-stream channels. Results of the study also showed that the social enterprise were financially limited to provide attractive compensation during recruitment at the early stage of the business. Prioritization of the social goal steered the companies to implement an informal non-financial retention strategy.

Founders and managers of social enterprises can use sub-stream or alternative channels to help them attract qualified candidates possessing the beliefs, attitudes, knowledge and skills fit to the philosophy and objectives of their enterprises.

Key Words: Cross-case analysis, social enterprises, mainstream and sub-stream channels, recruitment and retention strategies

Introduction

The development of social enterprises has changed the “business as usual” or “the business of business is business” idea about the purpose that business serves in society. Unlike their mainstream business counterparts, social enterprises follow a business model where profit is not the only goal. Equal emphasis is placed on creating social value. Seelos and Mair (2005) state that social enterprises are “rapidly growing number of organizations that have created models for efficiently catering to basic human needs that existing market and institutions have failed to satisfy” (p.1).

Given their social mission fused with financial objectives, social enterprises operating in a business environment together with their mainstream counterparts are more challenged to grow

and achieve their performance objectives. Social enterprises should secure legitimacy to obtain resources and sustain their businesses (Lee, Shin, Park & Kim; 2018). The role of the social enterprises' workforce cannot be downplayed in achieving a seemingly contradicting dual goal (Mastrangelo, Benitez & Cruz-Ros, 2017). Social enterprises in the Philippines are faced with lack of workforce with business skills, particularly skills such as business development and management, accounting, legal, tax, marketing, logistics and distribution, and this has become an impediment to the sector's growth (Darko et. al., 2015). In the study of Habaradas and Aure (2016) on social enterprises in the Philippines, they concluded that aside from the challenges similar to traditional for-profit businesses, "social enterprises carry the self-imposed burden of addressing the needs of those belonging to the bottom-of-the-pyramid, at the risk of putting a strain on their already limited resources" (p. 51).

"The role of human resources in driving social enterprises' success has generally been neglected, although prior literature has suggested that HRM contributes to firm performance and innovation" (Napathorn, 2018). Researches on the role of human resource management in social enterprises have yet to grow in number. Extant literature related to social enterprise human resources have focused on studying intention to establish a social enterprise; social enterprise workers' motivational needs and intent to stay; and intention to quit of social enterprises' permanent employees, among others (Ohana et. al. 2010; Ayoub et. al. 2013; Chinchilla, 2017; Barton et.al. 2018; and Caringal-Go et al. 2018). According to Napathorn (2018) "few studies have paid attention to how social enterprises attract, manage and reward workers."

Recruitment is any practice or activity carried on by the organization with the primary purpose of identifying and attracting potential employees (Noe et al, 2015). Recruitment activities are designed so that enough number of people apply for vacancies, the type of people who apply for the available posts fit, and/or there is likelihood that those applying will accept positions if offered. Organizational recruitment program aim to ensure that the organization has a number of reasonably qualified applicants to choose from (Noe et al, 2015). Recruitment activities of an organization has significant impact on its efficiency because these entail time and financial costs (Mello, 2015). The aim of recruitment, together with other human resource strategies, is to hire the number and quality of employees required to satisfy the strategic objectives of the organization and to do so at a minimal cost (Napathorn, 2018).

Talent recruitment and retention is among the greatest challenges for companies around the world especially with the diverse pressures that affect today's business: the digital transformation, the cost pressure, the demographic decline, the reduction of the recruitment pool, coupled with the emergence of a new generation with different expectations on immediate gratification, that is the millennials (Pinzaru et al, 2017). Millennials have "very high expectations from companies where they choose to work: responsible organizational culture, actual values of respect for the balance of personal – professional lives, flexibility, managers to play mentoring, constant feedback, real opportunities for rapid career advancement, as well as pleasant atmosphere" (Pinzaru et al, 2017, p. 736). There is a promising case for social enterprises with regards to engaging the millennials. "Social entrepreneurship has become a youthful movement engaged in developing social initiatives worldwide" (Tkacz, 2016, p. 20). Youth entrepreneurs from the so-called millennial generation increasingly shape the extensive development of social entrepreneurship transnationally.

Given the importance of the human resource functions and the current developments in the market for human resources, this study aims to address the literature gap on social enterprise human resource management. More specifically, this study explored the recruitment and retention strategies of social enterprises in the Philippines.

Conceptual framework

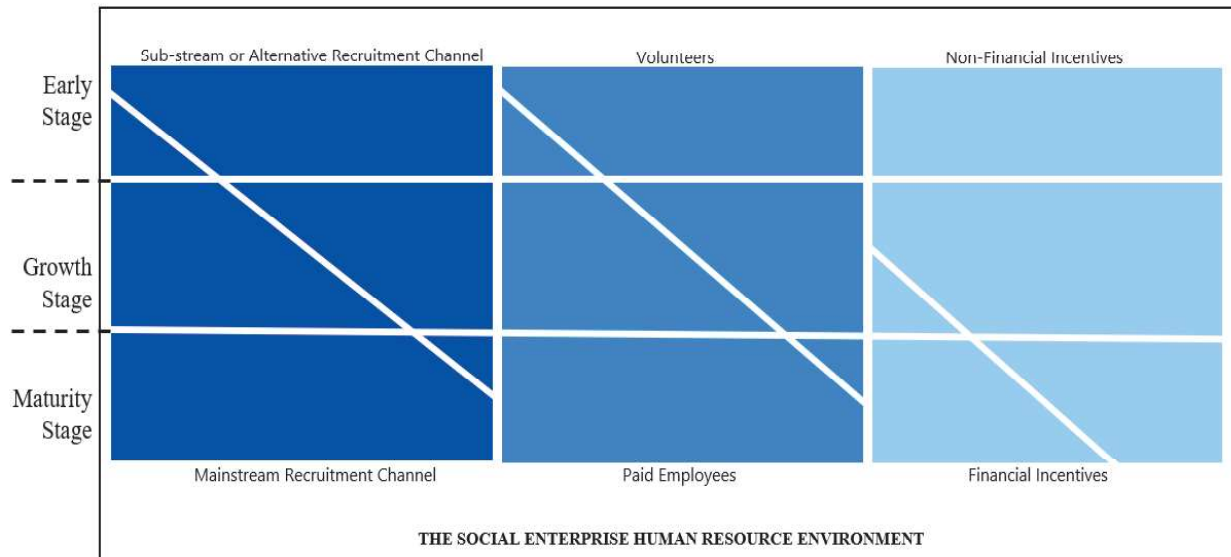
The conceptual framework of the study (Fig. 1) is developed by putting together the ideas adapted from Tam & Gray (2016); Dees & Anderson (2002); Doherty, Haugh, & Lyon (2014); Napathorn (2018) and Royce (2007).

The organization or business life cycle theory is grounded on the concept that businesses develop through time in a “predictable, linear, and consistent manner” and as firms move along these stages of inception, high growth, and maturity their organizational characteristics and configurations change, requiring them to strategically respond (Tam et. al, 2016). At the early stages of social enterprise development and when facing skills shortages, volunteers act as key resource for social enterprises (O’Hara, 2001; Badelt, 1997; Cornelius et. al, 2008). According to Napathorn (2018), social enterprises uses more of the sub-stream or alternative recruitment channels compared to their mainstream counterparts. These channels allow social enterprises to “attract qualified workers whose beliefs and attitudes are consistent with the objectives of social enterprises” and avoid competition in the mainstream labor market (Napathorn, 2018). In the study of Royce (2007), the social enterprise human resources can be broadly categorized as paid workers and volunteer workers. In the absence of financial compensation, social enterprises turn to incentivizing employees using non-financial rewards in order to retain them (Hynes, 2009). Dees et. al. (2002) and Doherty et. al. (2014) identified the human resource management challenges of social enterprises.

The study then will test the following propositions presented schematically in the conceptual framework:

- Proposition 1: Philippine social enterprises utilize more the sub-stream or alternative recruitment channels at the early stage of the business life cycle.
- Proposition 2: The proportion of paid workers to volunteers increases over the business life cycles of Philippine social enterprises.
- Proposition 3: Philippine social enterprises depend more on non-financial incentives to retain workers.

Figure 1
Conceptual framework



Methodology

For this study, a multiple case design was adopted to enable the logic of replication or the possibility of confirming or disconfirming the arguments drawn from the other cases. Qualitative approach was used to collect comprehensive data on the social enterprise subjects.

Study respondents

Purposive or judgement sampling was used in the study. This method is appropriate for a case study that involves working with small and informative samples. Purposive or judgement sampling allowed me to select cases that will best enable me to answer my research questions and to meet my objectives. The basis for judging the social enterprises for inclusion as subject of the study was based on the definition of social enterprises by Dees and Anderson (2002). More specifically, the following criteria were used: (1) registered as for-profit business and utilizes market-based methods to earn income and remain financial sustainable; (2) the social cause is at the center of the business and it exists and operates in order to pursue a social objective that will benefit its stakeholders; and (3) at the early, growth or maturity stage of the business life cycle. Key individuals involved in the social enterprises, specifically the owners and/or founders were interviewed.

The study utilized both primary and secondary data. Secondary data about the social enterprises were sourced from archival documents, web sites, published resources, and other studies previously conducted involving some of the subject social enterprises. Primary data were collected through an interview with the owners and/or founders of the three social enterprises.

Data collection

A semi-structured interview guide was used in the conduct of primary data collection. The interview guide contains eight open-ended questions that cover the following key data themes: social enterprise background, organizational structure and recruitment and retention strategies. Data were collected through a face-to-face interview. To set an appointment for interview, a formal letter was sent by the researcher to the social enterprises via email. The letters were followed-up through phone calls and email. The letter informed the interviewee about the title, the aims of the research, the accompanying benefits and risks of their participation. The letter also included the general topics covered in the interview. Finally, the respondents were asked whether they agree or disagree to take part in the study. Voluntary participation in, or withdrawal from, the interview was articulated in the letter.

The interviews were conducted at the chosen location and time of the interviewee. It started with a very brief introduction and explanation for the visit with reference to the formal letter sent and their response agreeing to the interview. Approval for audio recording was secured and ethical considerations were exercised. Aside from audio recording the interview, note taking was done. Blank spaces, tables and checklists that were placed in the semi-structured interview guide facilitated in capturing the interviewee's responses. The interview questions in the semi-structured interview guide were asked in appropriate order. Questions were omitted accordingly once answers have been provided. Furthermore, follow-up and probing questions were posed to the interviewees to gather the data needed for the study.

Data analysis

The data collected were analyzed using the following processes: summarizing and thematic analysis, categorizing, narrative structuring, and cross-case analysis. Summary tables were prepared to show emerging trends in the changes in recruitment channels and manpower of the social enterprise.

Narrative structuring involves creating a coherent story from the data collected during the interview (Saunders, et al., 2010). Detailed case description of the four social enterprises were written using narrative structuring. Summarizing involves condensing the meaning of large amounts of text into fewer words allowing to determine the principal themes that have emerged from the interview (Saunders, et al., 2010). Thematic analysis was used to recognize the patterns that emerge in the data about the challenges in recruiting and retaining manpower. The recruitment channels used by the social enterprises and the classification of recruited human resources were categorized according to the a priori categories and were summarized in a descriptive table.

Cross-case analysis was performed to examine the similarities and differences in recruitment and retention strategies and challenges among the social enterprises. Results of the cross-case analysis were used to validate the propositions of the study.

Results and Discussion

Case descriptions

Sierreza

Background. Sierreza was founded by Cherrys Abrigo in August 2018. It is a zero-waste retail and convenience store, advocacy business, and a café & restaurant. Sierreza is selling a wide variety of household commodities that can be bought by consumers in small volumes. This social enterprise advocates fair trade. As a store that directly connects the farmers to markets, it carries an array of organic agricultural produce from the farming community of Daraitan in Tanay, Rizal. Value added products developed by Cherrys and her team are being served at the café & restaurant utilizing the agricultural produce from the farms. The main social objective of Sierreza is to practice fair trade and provide a stable market for the organic produce of farming communities in the mountains. According to an interview with Cherrys Abrigo:

Every fresh produce sold in the store is bought at a very good price from the farmers..... the farm gate price is equivalent to the market price, that is, whatever the current market price is and the price known by the farmers. (Selling the product at Sierreza) is like renting a space in the market and transporting the goods for free, the produce being picked up by me from the farm..... Even with low volume of fresh produce, they earn a sizeable income and do not need to clear a big parcel of land to grow these products and earn money.

The P500,000 initial investment used to establish Sierreza came from the founder's savings. During its soft opening in July 2018, Cherrys hired two staff / crew. The business successfully took off and Cherrys found herself looking for additional human resources in August. During the time of the interview, Sierreza was beginning to expand, with a new store soon to be opened in Maginhawa Street in Quezon City. The expansion site is deemed to be strategic because it is close to Ateneo and UP Diliman. The academic community, similar to what transpired in UPLB, is expected to be able to grasp the concept behind Sierreza and be the captured market of the business.

Organizational structure. Sierreza has a simple organizational structure. The human resource is composed of the owner / founder, Cherrys, and six regular staff / crew. The staff are not bound by a contract. In practice, there is no formal hierarchy in Sierreza. The owner considers the human resource as a team and the staff are all management trainees. There are no designations or positions, that is, the staff are able to take on different roles such as cashier, cook, dishwasher, among others. During the first few months of operations Cherrys was hands-on in running Sierreza. She focused on training her team to be able to let them operate the business on their own. The dynamics is such because Cherrys wants the staff to be fully knowledgeable about the Sierreza business model. They are trained in terms of skills, character development and of the principles unique to Sierreza. Honesty is strictly practiced. At present, the business can be run by the team. They were empowered to decide about operational issues.

Recruitment and retention practices. Sierreza relied on referrals from friends for human resource recruitment for the soft opening in July. In the interview with the owner, honesty was among her priorities. She needed individuals that can be trusted. Reaching out to her circle of

friends somehow allowed her to recruit the human resources she needed. For the August opening, the additional human resource was recruited through a Facebook posting accessible only to the friends of the owner. When two of the workers resigned from work, the owner resorted once more to social media posting that is limited to her circle of friends. In January 2019, applicants responded to an in-store posting of job vacancy. After interviewing applicants, the owner involved her team in the recruitment process to assess whether they find the applicant trustworthy and can effectively work with the team.

From an interview, the recruitment challenges articulated by the owner are:

1. Finding someone who can take to heart the reason behind Sierreza's existence, own the job, and not do the operations tasks just for the sake of having a source of income;
2. Increasing/improving capability to provide better compensation to the deserving personnel; and
3. Finding someone who is completely trustworthy.

First Harvest

Background. First Harvest is a social enterprise based in Gawad Kalinga (GK) Enchanted Farm in Angat, Bulacan founded by Tajen Sui, Catherine Patacsil and Nico Encarnacion, together with two women in the GK community in 2013. First Harvest is a replicable template for community-based small to medium scale facility for manufacturing heritage recipes tapping the indigenous talents and available raw materials in the community. The social mission of the enterprise is to be able to provide dignified employment to community partners that can uplift their quality of life. On a broader scale, the enterprise seeks to contribute in improving the country's agricultural sector. In an interview with Tajen Sui:

Working at Gawad Kalinga, I was assigned to become the Kitchen manager, working with the mothers or "Titas" in the community..... We thought about what can be done during the downtime of the Titas in the kitchen. We discovered that the mothers in the community are talented and they know how to produce something. So, the first product was peanut butter. We asked them to produce the peanut butter for us, then we would pack them in jars without branding and label and we would sell it. We pay the mothers afterwards. That was the start of the idea. In November 2013 we tried to work the business, the concept and started selling. The operation was very backyard..... We registered in 2015 and we are fully functional.

Working with P2,500 capital, the founders took advantage of GK's credit line and network when the idea of the peanut butter production was being tested. One of GK suppliers based in Manila provided inputs such as peanut, sugar, and packaging, among others, on credit. Payments are made after the products have been sold. Infusion of additional capital were done when they started to receive bigger orders. First Harvest product lines include peanut spread, peanut crunch and salted coco jam. First Harvest targets entry to four product lines, namely, dips, sauces, dressings, and spreads. Revenues from sales of the products are ensured to have healthy profit margins that can cover for the business' operational expenses and also fund the business for expansion.

Organizational structure. The human resource of First Harvest is composed of the head of operations, two full time production managers, one part time multi-media manager, and 15 productions workers employed in full time or part time capacity. Tajen Sui is the head of

operations, still taking on multiple hats as head of marketing and sales. In terms of financing, he monitors the production costing making sure that the business is running well and not losing money. The two production managers are graduates of the School for Experiential and Entrepreneurial Development (SEED) Philippines school at the GK Enchanted Farm. These managers are knowledgeable about the social enterprise because they were interns at First Harvest. After completing the SEED program, they decided to stay and become part of the First Harvest human resources. The structure is established as such due to the current level of production and to manage the production cost.

Recruitment and retention practices. When the social enterprise started, the production workers consisted only of the two mothers from the GK community, who possessed the skill on peanut butter production. When demand picked up and new workers were needed, First Harvest recruited members of the GK community. The dynamics of the recruitment was unique. Since the product quality has to be maintained and the skill and the recipe was known only to the two mothers, the First Harvest management allowed the two mothers to select whom to train. They were comfortable with passing down the recipe to their kids, neighbors, and friends. The two mothers who own the recipe were then given royalties. At present they no longer work as production workers. Given that the production capacity of First Harvest is not yet at the optimal level, production workers are being assigned for the daily production work.

From the groups of trained production workers, the management identified key people and developed a list of workers to tap to ensure the product quality. This list of personnel is used to develop weekly production assignments. The schedule is properly communicated at the beginning of the production week. With the streamlining, the business is able to stick to the production budget and maintain product quality. More importantly, the management had the ability to trace back who are accountable for production mistakes that resulted to rejects. At present, the business rarely calls for additional workers because production became more efficient with the new machine and production scheduling. While the business has fairly established its production workers, Tajen Sui acknowledged the problem at the management level. If Sui is to leave his post, the business will probably close because the structure is unsustainable.

GK Enchanted Farm has a monthly business camp targeting the yuppies who want to learn about social entrepreneurship, finding purpose in their job, and are looking for new ways of doing business, among others. The camp is the farm's strategy to attract people to GK.

Messy Bessy

Background. Messy Bessy is a social enterprise founded by Kristine "Krie" Reyes-Lopez in 2007. The business is in the manufacturing of natural, biodegradable, non-toxic home and personal care products. The social mission of Messy Bessy is to provide education, employment and rehabilitation for at-risk (formerly abused, trafficked, incarcerated impoverished) young adults. The business sustains development programs for the young adults who are provided with work training, formal education in high school and tertiary levels, work ethic enhancement programs and counselling.

An initial capital of P50,000 was used to start Messy Bessy in 2007. The products produced were positioned as biodegradable, nontoxic, using all-natural ingredients that kill bacteria and doesn't emit toxic fumes and chemical residues. The products cost a little more than the mainstream. With strong branding, the product lines have established steady following.

The youth in the company's education program, called the learners, are part of the company's human resource. They are working in the different departments of the company – they are assigned in the areas they are interested in and where they can be developed. While working in different departments at Messy Bessy, they are earning money and are paying for their scholarships.

According to Kristine “Krie” Reyes-Lopez:

We grew organically. In terms of the products, we would come out with more based on what the customers would ask for and also based on what, we in the office, want. In the beginning it was really very intuitive, we were just doing what we felt was going to do well. We kept growing, right. Every year our sales grew, since 2007, really quite significantly. Sales growth was always at double digits. So now that we're bigger, the process is different. When we want a new product, decision making is a bit more data driven.

Messy Bessy is in the high-growth stage of the business cycle, according to the founder. Within the fast-moving consumer goods (FMCG) industry, the company is still small and the market potential of the product is still big. “We are growing more than 30% every year, high growth. I think compared to others in our industry that's extremely high, compared to P&G, which is growing at maybe 2%.”

Organizational structure. The top position in the organizational structure of Messy Bessy is the chief executive officer (CEO), who is also the founder of the social enterprise. In 2016 the non-profit unit focusing on the social mission was put up. This was done to be able to focus on the scaling and replication of the social program, independent of Messy Bessy. The non-profit unit is called the HOUSE Foundation with three divisions / functions: replication, operations and program design. A total of eight employees compose the non-profit unit, two of whom are learners. The profit-earning unit is Messy Bessy. This unit consists of the sales, supply chain and marketing functions. There are 38 regular workers in the sales division and 32 learners, being the biggest division in the profit-earning unit. The supply chain function is led by a supply chain manager. Under him are the production manager, purchasing supervisor, inventory supervisor and logistics supervisor. The unit consists a total of 15 regular employees and 14 learners. The marketing function, led by the marketing manager, has six workers. Three of them are regular and the rest are learners. The shared services unit caters to the financing and manpower needs of both the non-profit and the profit-earning units of the business. There are four regular employees and two learners in the people center, and nine in finance and accounting (six regulars, three learners).

Recruitment and retention practices. When Messy Bessy started, the human resource consisted of the owner / founder and the production workers, who were the beneficiary of the enterprise's social program. The owner hired human resources only on the third year of operations. The recruitment of human resources was done almost every year at Messy Bessy because the business sustained its growth and continued to fill in the needed workers.

At the beginning, the owner worked together with the scholars. There were no volunteer workers in Messy Bessy. Everyone was salaried. According to the owner in an interview, “volunteers were for certain activities but not for the operations because it’s not sustainable. In an interview with Krie Reyes-Lopez, she said:

(Our recruitment is done in) any normal way a business does it. So, we recruited via online, on Facebook, and JobStreet. I also tap my network. For the scholars, we partner with the NGOs.

In the beginning it was very difficult. For one, obviously our compensation was not competitive, in the beginning. And, also a lot of people didn’t really find the potential for a long-term work or like the potential to kind of stay in the company and retire in the company and get the financial gain that they want. Also, there’s low awareness. But now it’s a little bit different. The company is now able to give competitive salary. Also, we find that it’s quite enticing for the younger workforce. They like more purposeful work.

The company focuses on developing a culture of transparency, trust, collaboration and being authentic to the mission. The owner believes that these are the best means to compel people to stay in the company.

Cross-Case Analysis

Stage of business life cycle

Sierreza is the youngest of the three social enterprises, turning only one year in August 2019. It is the smallest of the three social enterprises in terms of human resources and market coverage. Prior to establishment of Sierreza, the farm products of the IP farmers started to get steady following towards the third year of selling these in Saturday bazaars, coupled with promotion of the social goal behind the business of marketing the organic produce of the IP farming communities through word-of-mouth. It did not become difficult to promote the value-added products sold in Sierreza zero-waste store and cafe because all of these were processed using the produce from the farms. While the owner has no formal business education, the marketing stint in bazaars and linkage with other distribution channels for organic produce such as Healthy Options and Good Food Community provided significant experience that contributed to the conceptualization of Sierreza.

First Harvest has been up and running for over five years since its conceptualization in 2013. The current line of products is peanut and coco-based spreads, with future plans of including dressing, dips and sauces on the list. The products are positioned as “lovingly prepared food using real ingredients”. First Harvest has already attempted to expand its product line. It is, however, limited by the availability of inputs needed for production. While the production facility of First Harvest is based in Bulacan, its market coverage is not limited to the area, owing to its marketing strategy of bringing the products “from the farm to the metro”. Aside from marketing to the people who visits GK Enchanted Farm, First Harvest makes its products available at Human Nature Stores nationwide, and online through the Human Nature online shopping platform. Human Nature is another social enterprise affiliated with GK. First Harvest products are also sold at Salcedo Saturday Market in Makati City and Sundays at the Skypark at SM Aura Premiere, among others.

Messy Bessy is more than a decade old, and is the most established among the three. The complexity brought about by the size of the business is depicted in its formal organizational structure. It has the biggest human resource and volume of production among the three, with market coverage reaching the entire country. Production is very systematic and is data driven. While synthetic home cleaning and personal products are generally in the mature stage of product life cycle, natural, biodegradable and non-toxic home and personal care products are still in the growth stage. Customers are getting more conscious about the products they use at home. This is evidenced by the double-digit year-on-year growth in sales of Messy Bessy. It is expected that the business has a lot of opportunities to take advantage of in the FMCG industry.

Based on the analysis of the social enterprises' current level of operations, coupled with the owners' self-assessment, Sierreza and First Harvest are in the early stage of the business life cycle, while Messy Bessy is in the high-growth stage.

Recruitment channel

The cross-case analysis shows that Philippine social enterprises utilize alternative recruitment channels in the early stage of the business life cycle. Both First Harvest and Messy Bessy, for example, recruit from their beneficiary groups. The nature of the social mission of the two companies, that is, provision of jobs to their beneficiary group, prompted them to recruit from this alternative channel. Sierreza utilized the sub-stream channel to gain full control of the recruitment process, and to ensure the recruitment of human resources that will embrace the enterprise's mission. The affiliation of First Harvest with Gawad Kalinga allowed it to tap GK's internship program, hence the business also indirectly used this channel. Other significant advantages of the sub-stream channel utilized by the social enterprises in their early stage are as follows: it is cheap, and recruitment is quicker. The two companies that recruited from their beneficiary groups, however, had to train the hired human resources because they lacked the necessary skills required for the operations of the business.

Results also showed that when a social enterprise moves to the next cycle of business growth, it started to utilize the mainstream channel. Recruitment from mainstream channel was possible because at the growth stage, the earnings of the business allow it to offer competitive salaries and attract more qualified workers. Further, the level of operations requires that key positions be filled with qualified workers.

Referral was used by the owner of Sierreza in order to hire candidates with characteristics that fit with what the owner is looking for, particularly in the willingness to embrace and live by the social objective of the enterprise. While the beneficiary community can also be tapped by Sierreza for manpower, the store location suggests that it is more strategic to hire from the locality. The field operations in the farm, however, can be done by the members of the IP farming community. Hiring from them was actually part of the alternatives to the owner once the expansion of Sierreza pushed through.

For First Harvest, its social objective is provision of jobs to their partner communities, hence they are first priority as candidates for employment in the enterprise. The production facility of First Harvest is located at GK Enchanted Farm, facilitating the identification of the social

enterprise beneficiaries. Further, these beneficiaries, specifically the GK community mothers became the human resources of First Harvest. The nature of the social mission mainly dictated the reliance on alternative recruitment channel. These dynamics, that is, how close the business is to the beneficiary group and how the social benefit is afforded to them, differentiated First Harvest from Sierreza. First Harvest's ability to provide jobs, however, is dictated by the facility's production capacity and product orders. Additionally, as one of the social enterprises in Gawad Kalinga, First Harvest benefits from the internship program and business camp of GK Enchanted Farm. The production managers at First Harvest came from the internship program. This provided the opportunity for Fresh Harvest to develop its manpower from within the organization to take on the higher management positions in the future.

The social agenda of Messy Bessy is also designed to help the program beneficiary to get their education. To do so, they are employed as workers in the company so they can send themselves to school while the company subsidizes their school fees. Similar to First Harvest, attainment of the social mission of Messy Bessy entails involvement of the beneficiary group in the operations of the business, specifically by providing them with jobs. When Messy Bessy started to require additional human resources on its third year, the owner used web-based recruitment and JobStreet, while still maintaining the alternative channels. The use of mainstream channels allowed Messy Bessy to hire candidates with knowledge, skills and experience pertinent to the positions in their key areas, such as chemist, pharmacist and a production manager who professionalized the production system. They are paid with industry rates.

Table 1

Recruitment channels used by three Philippine social enterprises

Business Life Cycle Stage	Recruitment Channels		
	Sierreza	First Harvest	Messy Bessy
Early	1. Referrals from friends 2. Facebook posting 3. In-store posting	1. Recruitment from vulnerable groups 2. Internship program	1. Recruitment from vulnerable groups
Growth			1. JobStreet 2. Web-based recruitment 3. Network referrals 4. Recruitment from vulnerable groups

The social enterprises in this study all hired paid human resources at the early stage of the business. For First Harvest and Messy Bessy, these people were from their beneficiary groups. It is inherent in their social enterprise model to tap this group as human resource, but not on a voluntary capacity.

Aside from paid workers, only First Harvest had volunteers from the internship program of GK. Being popularly known for its platform of incubating social enterprises, interns, both local and foreign, come to GK for immersion and training for a certain period of time. These interns were designated accordingly to the various social enterprises in GK. Four interns that were

assigned to First Harvest stayed to become part of the regular workers. At present, only two of them remained and are now paid employees of First Harvest. Volunteer worker is both a plus and a minus according to the founder of First Harvest. Since they are in for immersion and training, those that lack skills may affect the production output, especially if they participate hands-on. However, those that do have knowledge and skills provide significant help. Because internship is a regular program of GK, it can be expected that even if First Harvest grows to the next stage of business life cycle, it will still have volunteers among future interns. Devising a strategy on how to make the most of the free manpower have to be arranged by the enterprise.

Table 2

Human resource composition

Human resource classification	Sierreza	First Harvest	Messy Bessy	
	Early Stage	Early Stage	Early Stage	Growth Stage
Volunteers	0	4	0	0
Paid Employees	6	18	12	128

Recruitment challenges and retention strategies

The founders of First Harvest and Messy Bessy acknowledged that their financial capability limited their recruitment efforts. This issue was specific to the early stage of Messy Bessy, during which the business was not yet able to provide competitive compensation. When the business started to earn profit, this was eventually overcome. The owner of Messy Bessy also articulated that a lot of people could not find potential for long-term work and financial benefits from social enterprises because of their low awareness about the nature of social enterprises. For First Harvest, the financial liability hampering the recruitment process of the enterprise persists up to present. The owner of Sierreza put on top of her list the challenge of finding individuals who will “own” and “take to heart” the reason why and for whom the business was established. While attractive salary was not an issue in recruitment, the owner of Sierreza would like to improve its capability to provide better compensation for deserving personnel.

Competition from the mainstream market for better paying jobs is articulated by all the founders. It is critical that those seeking employment in a social enterprise should embrace the company’s reason for existence. Finding meaningful and purposeful work leads an individual not to focus on the financial remuneration.

Table 3

Recruitment challenges

Recruitment challenges	Sierreza	First Harvest	Messy Bessy
Limited access to skilled manpower			
Limited financial capability to provide attractive salary		✓	✓
Shortage and lack of manpower with both business and social skills	✓	✓	

Non-financial incentive is a recurring theme of the retention strategies of the three social enterprises. The strategies are not formalized because they are rooted in the culture of the

enterprises. The founders believe that “owning” the business and its social mission is the foremost reason that cause their human resources to remain. Ownership of the enterprise and its social goal are evident at Sierreza, where staff empowerment in making decisions concerning store operations has implications on the attainment of its social objectives. In First Harvest, the production managers, who are being groomed to replace the founder for the top post, are given key business information and the necessary training. In Messy Bessy, it banks on the company’s culture of openness, transparency, collaboration, and being authentic to the mission as the reason why people stay.

Table 4

Retention strategies

Retention strategies	Sierreza	First Harvest	Messy Bessy
Provision of financial or monetary incentive			
Provision of non-financial or non-monetary incentive	✓	✓	✓

For these social enterprises, retention strategies are largely non-financial mainly because in the context of businesses, social mission is a priority. Hence, a sizeable portion of the company’s profits are used to pursue the mission. For First Harvest, it pays their workers living wage instead of the minimum wage in the locality. This is how it is able to provide decent jobs that enhance the quality of life of its beneficiaries. For Sierreza, profits are rolled over to cover operating costs, while a sizeable amount is used to pay for the fresh produce of the IP farming communities at a fair price. For Messy Bessy, which now has the ability to afford financial incentives to retain workers, its priority is also to be able to cater to more disadvantaged youth. Together with the growth of the profit-earning unit of the company is the scaling and replication of the social programs. This translates to additional financing for the social program, which will essentially come from the profits of the enterprise.

Conclusion and Recommendation

The role of human resources in driving social enterprises success has generally been neglected even as prior literature has suggested that HRM contributes to firm performance and innovation. Researches on the role of human resource management in social enterprises has yet to grow in number, and few studies have paid attention to how social enterprises attract, manage and reward workers. This study contributes to filling this gap in the literature by exploring the recruitment and retention strategy of social enterprises in the Philippines.

This paper found that social enterprises in the Philippines use sub-stream or alternative recruitment channels because the nature of the enterprise designed them to tap their beneficiary groups as manpower. Further, these channels were less costly to use and facilitated faster recruitment. Because the social enterprise owners have significant control over the alternative channels, the ability to hire human resource that will own the business’ social mission is made possible. As social enterprises move to the next stage of business growth and become more financially stable, they utilize mainstream channels, while still recruiting using sub-stream channels. All of the social enterprises employed paid human resources at the early stage of the

business. Because of its strategic affiliation, one of the companies employed volunteers through an internship program. Results of the study also showed that the social enterprise were financially limited to provide attractive compensation during recruitment at the early stage of the business. Prioritization of the social goal steered the companies to implement an informal, non-financial retention strategy.

Recruiting volunteers through internship programs is a viable option for social entrepreneurs. Engaging in partnerships with organizations, schools and other entities can provide the social enterprises access to human resources. Through internship programs, social enterprise owners can observe the behavior and performance of interns, and allow them to eventually absorb those whose attitudes, behaviors and work performance fit with the culture of the social enterprise.

One limitation of this research is the case study methodology. Hence, results cannot be generalized across social enterprises in the Philippines. Additionally, there is no social enterprise in the maturity stage that was included in the study. While the study has provided empirical evidence to validate the propositions of the study, it is recommended that this study be expanded by including other types of social enterprises in the Philippines. Furthermore, additional studies related to the strategic human resource management in Philippine social enterprises is suggested.

References

- Abu-Saifan, S. (2012). Social entrepreneurship: definition and boundaries. *Technology innovation management review*, 2(2).
- Alter, S. K. (2006). Social enterprise models and their mission and money relationships. *Social entrepreneurship: New models of sustainable social change*, 205-232.
- Alvord, S.H., Brown, D.L. and Letts, C.W. (2004), "Social entrepreneurship and social transformation: an exploratory study", *Journal of Applied Behavioral Science*, 40(3), 260-283.
- Austin, J., Stevenson, H., & Wei-Skillern, J. (2006). Social and Commercial Entrepreneurship: Same, Different, or Both?.
- Ayob, N., Yap, C. S., Sapuan, D. A., & Rashidd, Z. A. (2013). Social entrepreneurial intention among business undergraduates: An emerging economy perspective. *Gadjah Mada International Journal of Business*, 15(3).
- Barton, M., Schaefer, R., & Canavati, S. (2018). To be or not to be a social entrepreneur: Motivational drivers amongst American business students. *Entrepreneurial Business and Economics Review*, 6(1), 9-35.
- Bull, M. (2007). "Balance": the development of a social enterprise business performance analysis tool. *Social Enterprise Journal*, 3(1), 49-66.
- Bull, M. (2008). Challenging tensions: critical, theoretical and empirical perspectives on social enterprise. *International Journal of Entrepreneurial Behavior & Research*, 14(5), 268-275.
- Bull, M., & Crompton, H. (2006). Business practices in social enterprises. *Social Enterprise Journal*, 2(1), 42-60.
- Caringal-Go, J. F., & Hechanova, M. R. M. (2018). Motivational needs and intent to stay of social enterprise workers. *Journal of Social Entrepreneurship*, 9(3), 200-214.
- Chinchilla, A., & Garcia, M. (2017). Social entrepreneurship intention: mindfulness towards a duality of objectives. *Humanistic Management Journal*, 1(2), 205-214.

- Cukier, W., Trenholm, S., Carl, D., & Gekas, G. (2011). Social entrepreneurship: A content analysis. *Journal of Strategic Innovation and Sustainability*, 7(1), 99-119.
- Dacanay, M. L. (2012). Social Enterprises and the Poor. Copenhagen Business School
- Dacin, P.A., Dacin, M.T. and Tracey, P. (2011). Social entrepreneurship: a critique and future directions. *Organization Science*, 22, pp. 1203–1213
- Darko, E., & Quijano, T. (2015). A Review of Social Enterprise Activity in the Philippines. *British Council*. Retrieved from https://www.britishcouncil.org/sites/default/files/social_enterprise_activity_philippines.pdf
- Dart, R. (2004). The legitimacy of social enterprise. *Nonprofit Management and Leadership*, 14, pp. 411–424
- Dees, J.G. (1998). Enterprising non-profits. *Harvard Business Review*, 76, pp. 55–67
- Dees, J. G., & Anderson, B. B. (2002). For-profit social ventures. *International Journal of Entrepreneurship Education*, 2(1), 1-26.
- Doherty, B., Haugh, H., & Lyon, F. (2014). Social enterprises as hybrid organizations: A review and research agenda. *International Journal of Management Reviews*, 16(4), 417-436.
- Emerson, J. (2003). The blended value proposition: Integrating social and financial returns. *California management review*, 45(4), 35-51.
- Foster, W. and Bradach, J. (2005). Should nonprofits seek profits? *Harvard Business Review*, 83, pp. 92–100
- Galbraith, J. (1982), “The stages of growth”, *Journal of Business Strategy*, 3(1), pp. 70-79.
- Guclu, A., Dees, J. G., & Anderson, B. B. (2002). The process of social entrepreneurship: Creating opportunities worthy of serious pursuit. *Center for the advancement of Social Entrepreneurship*, 1, 1-15.
- Habaradas, R. B., & Aure, P. A. H. (2016). Managing Social Enterprises in the Philippines: Challenges and Strategies. *Journal of Legal, Ethical & Regulatory Issues*, 19(2).
- Hanks, S.H. and Chandler, G.N. (1994), “Patterns of functional specialization in emerging high-tech firms”, *Journal of Small Business Management*, Vol. 32, pp. 23-36.
- Hanks, S. H., Watson, C. J., Jansen, E., & Chandler, G. N. (1994). Tightening the life-cycle construct: A taxonomic study of growth stage configurations in high-technology organizations. *Entrepreneurship theory and Practice*, 18(2), 5-29.
- Heneman, H. G., & Berkley, R. A. (1999). Applicant attraction practices and outcomes among small businesses. *Journal of small business management*, 37, 53-74.
- Hynes, B. (2009). Growing the social enterprise—issues and challenges. *Social Enterprise Journal*, 5(2), 114-125.
- Jean-Denis, H., & Day, S. W. (2016). Resource based view of social entrepreneurship: Putting the pieces together. *Journal of Strategic Innovation and Sustainability*, 11(2).
- Jiao, H. (2011). A conceptual model for social entrepreneurship directed toward social impact on society. *Social Enterprise Journal*, 7(2), 130-149.
- Kazanjian, R. K., & Drazin, R. (1990). A stage-contingent model of design and growth for technology based new ventures. *Journal of business venturing*, 5(3), 137-150.
- Kolk, A., & Lenfant, F. (2015). Cross-sector collaboration, institutional gaps, and fragility: The role of social innovation partnerships in a conflict-affected region. *Journal of Public Policy & Marketing*, 34(2), 287-303
- Laville, J.-L. and Nyssens, M. (2001). The social enterprise: towards a theoretical socio-economic approach. In Borzaga, C. and Defourny, J. (eds), *The Emergence of Social Enterprise*. London: Routledge, pp. 312–332

- Lee, S. Y., Shin, D., Park, S. H., & Kim, S. (2018). Unintended Negative Effects of the Legitimacy-Seeking Behavior of Social Enterprises on Employee Attitudes. *Frontiers in psychology*, 9, 1991.
- Lichtenstein, G. A., & Lyons, T. S. (2008). Revisiting the business life-cycle: proposing an actionable model for assessing and fostering entrepreneurship. *The International Journal of Entrepreneurship and Innovation*, 9(4), 241-250.
- Lundberg, A., & Lennström Nyström, J. (2018). The Manila Model: Exploring the Junction of Social Entrepreneurship and the Supporting Ecosystem: A Study of New Generation Social Enterprises in the Philippines.
- Mair, J. and Marti', I. (2006), "Social entrepreneurship research: a source of explanation, prediction, and delight", *Journal of World Business*, Vol. 41 No. 1, pp. 36-44.
- Martin, R. L., & Osberg, S. (2007). Social entrepreneurship: The case for definition.
- Mastrangelo, L. M., Benitez, D. G., & Cruz-Ros, S. (2017). How Social Entrepreneurs can Influence their Employees' Commitment. *Journal of Promotion Management*, 23(3), 437-448. <http://dx.doi.org/10.1080/10496491.2017.1294878>
- Mello, J. A. (2015). *Strategic human resource management*. Stamford, CA: Cengage Learning.
- Moizer, J., & Tracey, P. (2010). Strategy making in social enterprise: The role of resource allocation and its effects on organizational sustainability. *Systems research and behavioral science*, 27(3), 252-266.
- Murphy, P.J. and Coombes, S.M. (2009). A model of social entrepreneurial discovery. *Journal of Business Ethics*, 87, pp. 325–336
- Nicholls, A. (2006). *Social entrepreneurship: New models of sustainable social change*. OUP Oxford.
- Noe, R. A., Hollenbeck, J. R., Gerhart, B. A., & Wright, P. M. (2015). Human resource management: gaining a competitive advantage. Berkshire: McGraw-Hill Education.
- Ohana, M., & Meyer, M. (2010). Should I stay or should I go now? Investigating the intention to quit of the permanent staff in social enterprises. *European Management Journal*, 28(6), 441-454.
- Peattie, K. and Morley, A. (2008). Eight paradoxes of the social enterprise research agenda. *Social Enterprise Journal*, 4, pp. 91–107
- Peredo, A. M., & McLean, M. (2006). Social entrepreneurship: A critical review of the concept. *Journal of world business*, 41(1), 56-65.
- Pinzaru, F., Mihalcea, A., & Zbucea, A. (2017). Recruiting and motivating millennials: empirical insights for managers. In *Proceeding of the 11th International Management Conference „The role of management in the economic paradigm of the XXIst century* (pp. 729-737).
- Pirson, M. (2009). Social entrepreneurship: a blueprint for humanistic business organizations. *Humanism in business*, 248-259.
- Ridley-Duff, R., & Bull, M. (2015). *Understanding social enterprise: Theory and practice*. London: Sage Publication.
- Royce, M. (2007). Using human resource management tools to support social enterprise: emerging themes from the sector. *Social Enterprise Journal*, 3(1), 10-19.
- Santos, F. M. (2012). A positive theory of social entrepreneurship. *Journal of business ethics*, 111(3), 335-351.
- Scott, M. and Bruce, R. (1987), "Five stages of growth in small business", *Long Range Planning*, Vol. 20, pp. 45-52

- Seelos, C., & Mair, J. (2005). Social entrepreneurship: Creating new business models to serve the poor. *Business horizons*, 48(3), 241-246.
- Seelos, C., Ganly, K., & Mair, J. (2006). Social entrepreneurs directly contribute to global development goals. In *Social entrepreneurship* (pp. 235-275). Palgrave Macmillan, London
- Smith, K. G., Mitchell, T. R., & Summer, C. E. (1985). Top level management priorities in different stages of the organizational life cycle. *Academy of management Journal*, 28(4), 799-820.
- Steyaert, C. and Katz, J. (2004). Reclaiming the space for entrepreneurship in society: geographical, discursive and social dimensions. *Entrepreneurship & Regional Development*, 16, pp. 179–196
- Sullivan Mort, G., Weerawardena, J., & Carnegie, K. (2003). Social entrepreneurship: Towards conceptualisation. *International journal of nonprofit and voluntary sector marketing*, 8(1), 76-88.
- Tam, S., & Gray, D. E. (2016). What can we learn from the organizational life cycle theory? A conceptualization for the practice of workplace learning. *Journal of Management Research*, 8(2), 18-29.
- Thomas, N. (2015, September 21). Social enterprises in PH: challenges and opportunities. *Inquirer.Net*. Retrieved from <https://opinion.inquirer.net/88707/social-enterprises-in-ph-challenges-and-opportunities>
- Tkacz, M. (2016). New generation of social entrepreneurs: Exploratory research and cross case study analysis of new generation of social enterprises. *Ekonomia Spoleczna*, (2), 20-37.
- Weerawardena, J., & Mort, G. S. (2006). Investigating social entrepreneurship: A multidimensional model. *Journal of world business*, 41(1), 21-35.
- World Bank. 2018. *Making growth work for the poor: a poverty assessment for the Philippines (English)*. Washington, D.C.: World Bank Group. Retrieved from <http://documents.worldbank.org/curated/en/273631527594735491/Making-growth-work-for-the-poor-a-poverty-assessment-for-the-Philippines>
- Yunus, M. (2010). *Building social business: The new kind of capitalism that serves humanity's most pressing needs*. Public Affairs.
- Zahra, S.A., Gedajlovic, E., Newbaum, D.O. and Shulman, J.M. (2009). A typology of social enterprise: motives, search processes and ethical challenges. *Journal of Business Venturing*, 24, pp. 519–532